

Attachment 16A - Education Benefits & Interest Receivable Recognition

BACKGROUND

Education benefits for certain involuntary separatees under 38 United States Code (U.S.C.) §3018A and for certain voluntary separatees under 38 U.S.C §3018B are to be paid from the Department of Defense (DoD) Education Benefits Fund (Fund). The DoD Board of Actuaries (Actuaries) determines the estimated benefits plus accumulated interest that is to be paid by the four services (Army, Navy, Air Force, and Marines) to the Fund to liquidate this liability.

In August of each fiscal year (FY), the Defense Finance and Accounting Service (DFAS) Trust Fund Accounting Division provides the DFAS Accounting Services Network (hereafter referred to as Accounting Sites) with a letter from the Actuaries that includes the schedule of per capita amounts and amortization payment amounts for the four services. The estimated liability as of year-end is identified in Section III of the schedule. Services will reimburse the Fund on the first day of the new FY for the amounts determined by the actuaries for the liability as of year-ended.

Prior to FY 2005, the education benefit and interest liabilities were captured as unfunded liabilities. Beginning FY 2005, the education benefit and interest liabilities are now captured as funded liabilities. The principal and interest liability will be recorded as a current year expense with current year obligations in the year in which they were incurred. The prescribed treatment more accurately reflects trading partner transactions as well as reciprocal USSGL's properly. The data call amounts provided will be expensed and obligated in the current period, but may continue to be paid in October of the next fiscal year. The accumulated interest liability is calculated once each year, therefore, it is captured only in the 4th Quarter.

JOURNAL ENTRIES

Note: (1) Many of the legacy and migratory systems may use 6100(F), and 2110 (F). When this occurs, a reclassification entry must be made to correctly reflect the entries.
(2) Unpaid principal and interest will be reported as Other Accrued Liabilities.

Record payment of accrued principal and interest:

Proprietary Entry

Dr. 2190(F) (F) (979AU)	Other Accrued Liability
Cr. 1010	Fund Balance with Treasury

Budgetary Entry

Dr. 4901	Delivered Orders – Obligations, Unpaid
Cr. 4902	Delivered Orders – Obligations, Unpaid

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Record the accruals for current period.

Proprietary Entry

Dr. 6400(F) (97AU)

Cr. 2190(F) (F) (97AU)

Benefit Expense

Other Accrued Liability

Budgetary Entry

Dr. 4801

Cr. 4901

Undelivered Orders – Obligations, Unpaid

Delivered Orders – Obligations, Unpaid

JOURNAL VOUCHER SUPPORT

The following support will be retained as support for this entry:

Department of Defense Board of Actuaries Letter to the Secretary of Defense, “Education” with attachment “Approved Per Capita Amounts and Amortization Payment Amounts” for the year ended. The DFAS Trust Fund Accounting Division provides this letter to the DFAS Sites in September of each fiscal year.